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# Why a guaranteed minimum income makes sense for the state's hardest hit communities

By the end of 2020, Latino workers in Massachusetts were still twice as likely as white workers to be unemployed. It's time for a bold economic recovery plan.

By **Bansari Kamdar and Trevor Mattos** Updated May 12, 2021, 1:41 p.m.



Jophiel Ramirez, left, distributes boxes of food outside La Colaborativa in Chelsea. CRAIG F. WALKER/GLOBE STAFF

money was already tight for Marta (a pseudonym), a 30-year-old Chelsea resident from El Salvador, before her husband was diagnosed with cancer and had to leave his

restaurant job last year. Since then, she's had to take care of him and their two young children. They'd been renting a room in an apartment, but when they couldn't pay rent in February, they were pressured to move despite the eviction moratorium. The man subletting the room disconnected the stove to make them leave, Marta says. "I couldn't cook anything for my daughters."

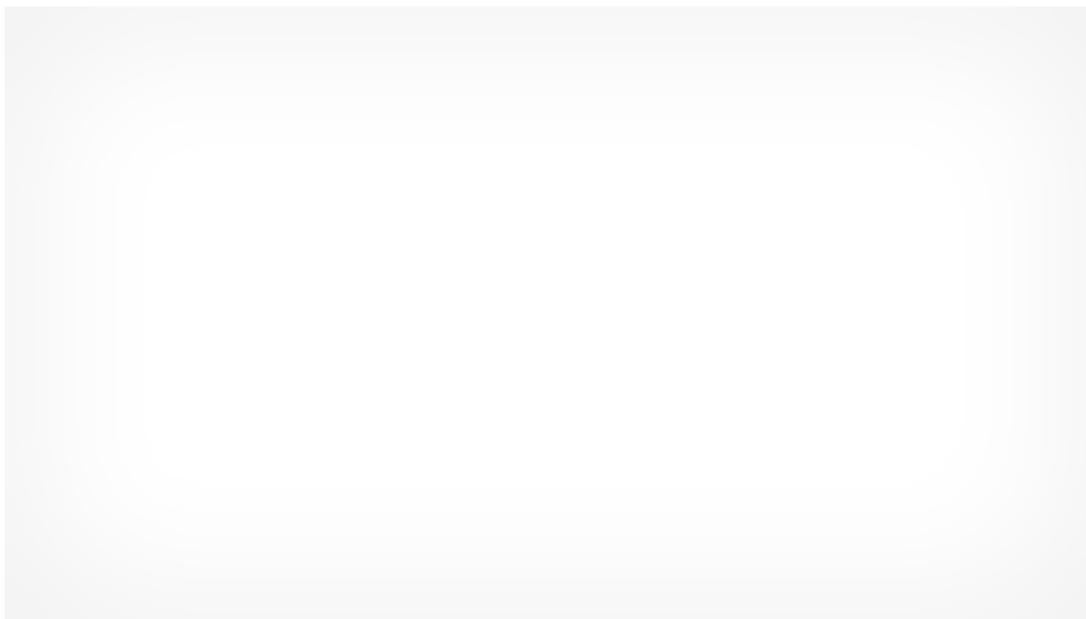
Even before COVID-19, Latino communities in Massachusetts tended to have low income and homeownership rates along with high levels of unemployment and food insecurity. The pandemic deepened these economic problems considerably. Cities with large Latino populations experienced higher rates of COVID-19 transmission, in part due to overcrowded housing. Latino workers were also [more likely to work in restaurant and hospitality jobs](#); many faced layoffs, and those who remained employed often had greater exposure to the virus.

It will take a bold strategy to bolster economic security for the Latino community and others most affected by the crisis. One way Massachusetts could help is to give families ongoing direct cash assistance and provide a guaranteed minimum income. In July, our organizations began examining the disproportionate impact of the pandemic on communities of color and how such a policy could help address racial inequity. It won't be cheap. We estimate it will cost about \$1 billion dollars, which would be raised through taxes (that's less than what the state gives to corporations each year in special tax breaks).

Our research found that while overall unemployment increased substantially during the first COVID surge, it increased most for Latino workers; nearly 1 in 3 was unemployed by the second quarter of 2020. By the end of 2020, Latino workers in Massachusetts were still twice as likely as white workers to be unemployed. Before COVID-19, an estimated 24 percent of Latino households displayed low food security — three times the state average. In the early months of the crisis, food insecurity rates increased among all racial

groups, with Latino households at 26 percent followed by Black households at 24 percent, about double the rates of white and Asian households.

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Latino workers were also less likely to be eligible for government relief. [Over 60 percent](#) of Massachusetts' estimated 215,000 undocumented immigrants have Latin American or Caribbean origins. Others were hesitant to access public supports because of the Trump administration's expansions to the public charge rule, which refuses permanent residency to immigrants who appear likely to primarily depend on the government. Without that support, families like Marta's turn to community organizations such as La Colaborativa, which provides food and housing assistance.

While short-term direct cash payments like stimulus checks have been at the core of the federal COVID-19 response, they may not address longer-term economic damage, especially for those in the Latino community who don't qualify because of their immigration status.

The idea of longer-term direct cash assistance is gaining momentum across the country. A pilot program in Stockton, California, supporting low-income families with \$500 in unrestricted cash per month for two years, resulted in lower anxiety for recipients and [increased their full-time employment](#) by 12 percentage points. Locally, [a pilot in Chelsea](#) focused on food provides monthly stipends of \$200 to \$400 to 2,000 families

for six months; preliminary results indicate [cost savings for food pantries](#). Cambridge

is set to begin a guaranteed income program for low-income, single-parent households in August.

Yet there are many more struggling families like Marta's that could benefit from cash assistance. "Things are not getting better, but at least they are getting worse at a slower rate," says Jeffrey Liebman, professor of public policy at Harvard University and the lead researcher on the Chelsea project's program evaluation team. A minimum income offers people dignity and has provided a safer alternative for families to access basics like food, rather than standing in long lines during the pandemic, Liebman says.

One way to introduce guaranteed minimum income in Massachusetts is by reforming the state's Earned Income Tax Credit, which provides support to many lower and moderate-income households through their annual tax refund. By [overhauling the state EITC](#), Massachusetts could provide all households earning up to \$70,000 annually a cash credit of at least \$1,200 a year. The [Healthy Families EITC Coalition](#) has advocated for these changes, and worked with legislators like state Senator Jamie Eldridge, who recently filed a [guaranteed income bill](#) including some of them.

Key reforms would increase the state match rate from 30 percent to 50 percent of the federal EITC and make more middle-income families eligible by raising the cutoff income level. Eligibility would be added for currently excluded groups: households with no income; unpaid caregivers; low-income college students; and undocumented immigrants who pay taxes. Expanding free tax preparation services could help more people claim the EITC (currently, 20 percent of eligible households don't do so). These changes would double the number of people getting help via the EITC from 900,000 to 1.8 million (an estimated 20 percent of whom would be Latino), and double the average annual dollar amount distributed from \$685 to \$1,386.

One billion dollars is a lot of money, but Massachusetts is a wealthy state with sufficient resources to ensure that everyone can attain a basic standard of living. A guaranteed

resources to ensure that everyone can attain a basic standard of living. A guaranteed

minimum income, while not a panacea, would help all low- and moderate-income families recover from the COVID-19 recession and rebalance our economy.

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